

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

***Wayland Area Emergency Medical Services
Allegan County, Michigan***

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Years ended February 28, 2005 and February 29, 2004

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INDEPENDENT AUDITORS' REPORT

Members of the Board
Wayland Area Emergency Medical Services

We have audited the accompanying financial statements of the Wayland Area Emergency Medical Services (the Authority) as of February 28, 2005 and February 29, 2004, and for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayland Area Emergency Medical Services as of February 28, 2005 and February 29, 2004, and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 5, the Authority has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 1, 2004.

The Authority has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

June 14, 2005

BASIC FINANCIAL STATEMENTS

Wayland Area Emergency Medical Services**STATEMENT OF NET ASSETS***February 28, 2005 and February 29, 2004*

	<u>2005</u>	<u>2004</u>
ASSETS		
Current assets:		
Cash	\$ 209,211	\$ 216,583
Receivables (net)	177,478	167,306
Prepaid expense	<u>14,387</u>	<u>12,756</u>
Total current assets	401,076	396,645
Capital assets (net)	<u>226,347</u>	<u>237,848</u>
Total assets	<u>627,423</u>	<u>634,493</u>
LIABILITIES		
Accounts payable	37,953	30,810
Accrued payroll and payroll taxes	<u>32,468</u>	<u>35,454</u>
Total liabilities	<u>70,421</u>	<u>66,264</u>
NET ASSETS		
Investment in capital assets	226,347	237,848
Unrestricted	<u>330,655</u>	<u>330,381</u>
	<u>\$ 557,002</u>	<u>\$ 568,229</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS***Years ended February 28, 2005 and February 29, 2004*

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Charges for services, net	\$ 556,229	\$ 555,052
Operating subsidies from member units	60,000	119,774
Memberships	23,893	25,154
Training fees	8,834	18,107
Contributions	3,053	31,110
Other	<u>8,792</u>	<u>8,106</u>
Total operating revenues	<u>660,801</u>	<u>757,303</u>
OPERATING EXPENSES:		
EMT payroll	319,466	336,766
Payroll taxes	27,846	25,090
Employee medical insurance	32,587	27,008
Employee subsidy	4,744	3,272
Public education	16,718	6,147
Professional services	47,738	62,159
Medical supplies and equipment	30,786	37,999
Vehicle operation and maintenance	68,164	45,890
Office expenses	12,553	10,197
Insurance	28,684	30,851
Radios and pagers	8,060	4,326
Other supplies and equipment	6,564	19,398
Utilities and telephone	15,267	13,313
Depreciation	31,116	42,905
Advertising and promotions	7,426	2,452
Dues and memberships	275	145
Other	<u>14,034</u>	<u>4,074</u>
Total operating expenses	<u>672,028</u>	<u>671,992</u>
OPERATING INCOME (LOSS)	(11,227)	85,311
NET ASSETS - BEGINNING	<u>568,229</u>	<u>482,918</u>
NET ASSETS - ENDING	<u>\$ 557,002</u>	<u>\$ 568,229</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF CASH FLOWS***Years ended February 28, 2005 and February 29, 2004*

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 578,784	\$ 610,302
Receipts from member units	60,000	108,196
Receipts from others	11,845	39,216
Payments to suppliers	(320,053)	(277,135)
Payments to employees	<u>(318,333)</u>	<u>(355,194)</u>
Net cash provided by operating activities	<u>12,243</u>	<u>125,385</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(19,615)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	<u>(7,372)</u>	<u>125,385</u>
CASH - BEGINNING	<u>216,583</u>	<u>91,198</u>
CASH - ENDING	<u>\$ 209,211</u>	<u>\$ 216,583</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (11,227)	\$ 85,311
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	31,116	42,905
(Increase) decrease in:		
Accounts receivable	(10,172)	89,415
Prepaid expense	(1,631)	(1,162)
Increase (decrease) in:		
Accounts payable	7,143	24,956
Accrued payroll and payroll taxes	<u>(2,986)</u>	<u>(15,156)</u>
Net cash provided by operating activities	<u>\$ 12,243</u>	<u>\$ 226,269</u>
SUPPLEMENTARY INFORMATION:		
Payments from member units	\$ 60,000	\$ 119,774
Less donated assets	<u>-</u>	<u>11,578</u>
Cash provided	<u>\$ 60,000</u>	<u>\$ 108,196</u>

See notes to financial statements

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Wayland Area Emergency Medical Services (the Authority) was established June 26, 1999, to jointly provide emergency medical services within the member municipalities in Allegan and Barry counties, Michigan. The Authority is comprised of ten units of government in Allegan and Barry counties. The Authority began operations as a government entity on October 1, 2002. The Authority replaces a predecessor not-for-profit corporation.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements. Also, the Authority is not a component unit of any other entity.

b) Basis of presentation:

The accounts of the Authority are organized on the basis of an enterprise fund. This fund is used to account for operations; (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The financial statements are reflected on the accrual basis of accounting. Its revenues are recognized when they are earned and its expenses are recognized when they are incurred. Unbilled receivables of the Authority are recorded at year end. The Authority has elected to follow 1) all GASB pronouncements and 2) Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Charges for services:

Charges for services represent the estimated net realizable amounts from individuals, third-party payers, and others for services rendered. The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include discounted charges. The Authority's ability to collect the amounts due (other than amounts due from third-party arrangements) is affected by the Authority's ongoing evaluation of its clients' credit worthiness.

e) Capital assets:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the Authority is charged as an expense against its operations. Accumulated depreciation is reported on the Authority's statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	5 - 10 years
Vehicles	6 years

f) Compensated absences (vacation, sick, and compensatory leave):

The amount attributed to the Authority is charged to expenses and a corresponding liability. Subject to carry-over limits, employees receive one-half of unused sick leave and vacation pay annually, and one-half of unused compensatory time monthly.

g) Reclassifications:

Certain items presented in the financial statements for the prior year have been reclassified for consistent presentation.

NOTE 2 - CASH:

Deposits with financial institutions:

Cash as presented in the statement of net assets consists of deposits with financial institutions. Deposits are carried at cost and maintained at various financial institutions in the name of the Authority. Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in accounts of federally-insured banks, credit unions, and savings and loan associations. At February 28, 2005, the Authority has deposits with a carrying amount of \$209,211 and a bank balance of \$221,206. Of the bank balance, \$213,023 is covered by federal depository insurance and \$8,183 is uninsured. At February 29, 2004, the Authority has deposits with a carrying amount of \$216,583 and a bank balance of \$222,287, all of which was covered by federal depository insurance.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS:

Capital asset activity for the year ended February 28, 2005, was as follows:

	<i><u>Beginning balance</u></i>	<i><u>Increases</u></i>	<i><u>Decreases</u></i>	<i><u>Ending balance</u></i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>345,292</u>	<u>19,615</u>	<u>-</u>	<u>364,907</u>
Subtotal	<u>545,292</u>	<u>19,615</u>	<u>-</u>	<u>564,907</u>
Less accumulated depreciation for:				
Buildings	72,750	4,500	-	77,250
Equipment and vehicles	<u>234,694</u>	<u>26,616</u>	<u>-</u>	<u>261,310</u>
Subtotal	<u>307,444</u>	<u>31,116</u>	<u>-</u>	<u>338,560</u>
Capital assets, net	<u>\$ 237,848</u>	<u>\$ (11,501)</u>	<u>\$ -</u>	<u>\$ 226,347</u>

Capital asset activity for the year ended February 29, 2004, was as follows:

	<i><u>Beginning balance</u></i>	<i><u>Increases</u></i>	<i><u>Decreases</u></i>	<i><u>Ending balance</u></i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>333,714</u>	<u>11,578</u>	<u>-</u>	<u>345,292</u>
Subtotal	<u>533,714</u>	<u>11,578</u>	<u>-</u>	<u>545,292</u>
Less accumulated depreciation for:				
Buildings	72,083	667	-	72,750
Equipment and vehicles	<u>192,456</u>	<u>42,238</u>	<u>-</u>	<u>234,694</u>
Subtotal	<u>264,539</u>	<u>42,905</u>	<u>-</u>	<u>307,444</u>
Capital assets, net	<u>\$ 269,175</u>	<u>\$ (31,327)</u>	<u>\$ -</u>	<u>\$ 237,848</u>

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CLAIMS ARISING FROM RISKS OF LOSS:

The Authority is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

The Authority is self-insured for any liability associated with its underground fuel storage tanks and has pledged the assets owned by the Authority in conjunction with the self-insurance certification.

NOTE 5 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective March 1, 2004, the Authority implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. This change in accounting and reporting did not result in a restatement of net assets.

NOTE 6 - PRIOR PERIOD ADJUSTMENT:

Net assets at February 29, 2004 and 2003, have been restated to reflect prior period adjustments, as follows:

	<u>2004</u>	<u>2003</u>
Net assets, as previously reported	\$ 665,349	\$ 458,265
Correction of the method of accounting used for charges for services	<u>(97,120)</u>	<u>24,653</u>
Net assets, as restated	<u>\$ 568,229</u>	<u>\$ 482,918</u>

As a result of this adjustment, operating income for the year ended February 29, 2004, was reduced by \$121,773.